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FISCAL IMPACT STATEMENT

LS 6557

BILL NUMBER: HB 1104

NOTE PREPARED: Dec 30, 2008

BILL AMENDED:

SUBJECT: Fire Protection Territory Levies.

FIRST AUTHOR: Rep. Tincher

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill restores for one year (for the March 1, 2009, assessment date) an exemption from property tax levy limits for civil taxing units participating in a fire protection territory established after December 31, 2005, and before January 1, 2008.

Effective Date: March 1, 2009 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Current law allows two or more taxing units to form a fire protection territory with one of the units being the provider of services to the territory. Originally, there was no levy limit for the fire protection territories in the first three years of existence. However, under HEA 1001-2008, fire protection territory levies for all years beginning with taxes payable in 2009 are limited to growth at the income-based assessed value growth quotient (around 4%).

This bill would suspend the levy cap for taxes payable in 2010 for a fire protection district that was established in 2006 or 2007. The 2010 levy would be the basis for levies going forward. This proposal would permit those territories that were in the second or third year of existence when the new limit went into effect to complete their three-year levy plans.

If these fire territories choose to increase their 2010 levies under this bill, then tax rates and tax bills will rise

for all taxpayers in the covered areas. If these territories exist in areas where the property tax circuit breaker caps may be triggered, then the property tax collections losses could increase for the fire territories and other taxing units in the county.

There is at least one fire protection territory that was established in the 2006-2007 time frame. The fiscal impact depends on local action.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Fire protection territories; Local civil taxing units and school corporations.

Information Sources:

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